

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

| | | | |
|--|--|--|----------------------|
| (1) DEPARTMENT Public Works | (2) MEETING DATE 6/21/2016 | (3) CONTACT/PHONE Glenn Marshall, Development Services Engineer (805) 781-1596 | |
| (4) SUBJECT Hearing to consider an appeal of the South County Area 1 Road Improvement Fee by Mr. Michael Peachey. District 4. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board deny the appeal to waive the Road Improvement Fee and direct staff to modify the fee based on proximity to available transit service. | | | |
| (6) FUNDING SOURCE(S) N/A | (7) CURRENT YEAR FINANCIAL IMPACT N/A | (8) ANNUAL FINANCIAL IMPACT N/A | (9) BUDGETED? N/A |
| (10) AGENDA PLACEMENT { } Consent { } Presentation {X} Hearing (Time Est. 30 min) { } Board Business (Time Est.____) | | | |
| (11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances {X} N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5 Vote Required {X} N/A | |
| (14) LOCATION MAP Attached | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY {X} N/A Date: _____ | |
| (17) ADMINISTRATIVE OFFICE REVIEW David E. Grim | | | |
| (18) SUPERVISOR DISTRICT(S) District 4 | | | |

Reference: 16JUN21-H-1

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Glenn Marshall, Development Services Engineer

VIA: Dave Flynn, Deputy Director of Public Works

DATE: 6/21/2016

SUBJECT: Hearing to consider an appeal of the South County Area 1 Road Improvement Fee by Mr. Michael Peachey. District 4.

RECOMMENDATION

It is recommended that the Board deny the appeal to waive the Road Improvement Fee and direct staff to modify the fee based on proximity to available transit service.

DISCUSSION

Mr. Michael Peachey (Appellant) has applied for building permits, PMT2015-02033 and PMT2015-02152, to construct two single 721 sq. ft. residences on a residential multi-family zoned parcel located at 164 Mallagh Street in the community of Nipomo (see Attachment 1).

The project property is located in the South County Area 1 Road Improvement Fee area and is required, by County Ordinance 13.01, to pay the regional Road Impact Fee to mitigate for traffic generated by the new development. Currently, the Road Improvement Fee for each single-family residence is \$12,011 (see Attachment 2).

Because the residences are located in a multi-family zoning, Public Works applied a 39% trip reduction credit as directed by policy, reducing the Road Improvement Fee to \$7,327 per permit. As a result of the Appellant's letter, Public Works would also recommend a 15% credit based on proximity to existing transit services, further reducing the Road Impact Fee to \$5,525 per permit.

Mr. Peachey has filed an appeal requesting your Board waive the Road Improvement Fee for both permits. A copy of the appeal letter is provided in Attachment 3.

Appeal Issues

In his letter, Mr. Peachey raises the following appeal points which are paraphrased below, along with staff's response:

1. **Appeal Point:** *The road improvement fee represents 17.9% of the total fees (2.7% of construction cost) and I would prefer redirected to pay fronting curb, gutter & sidewalk costs*

Staff Response: The Road Improvement Fee is the environmental mitigation for regional impacts associated with cumulative development and is directly proportional to the traffic generated by the new development, not the cost of the development. The Road Improvement Fee schedule is based on the South County Circulation Study, which identifies transportation projects necessary to mitigate traffic impacts of cumulative development. The study defines transportation projects within the fee area, establishes construction costs, and apportions those costs to new development based on the amount of traffic generated.

New development must also comply with other ordinance requirements for access (curb, gutter, sidewalk, driveway, road widening), drainage, flood hazard, utilities, and storm water. Whereas other ordinance requirements mitigate impacts localized to the development, Road Improvement Fees mitigate community circulation impacts. Both require development pay their fair share to ensure orderly growth.

2. **Appeal Point:** *Infill projects, like my multi-family project, should be exempt from the Road Impact Fee*

Staff Response: The Institute for Traffic Engineers' (ITE's) Trip Generation report and the companion Trip Generation Handbook provide the most definitive available sources for estimating the automobile traffic that different land uses will generate. The County has adopted the ITE report and trip generation rates which are specific to land use (residential multi-family) and not type (infill) of development. Infill housing projects do not address any of the criteria for waiver or adjustment of the fee.

Waiving fee for construction of in-fill development would then require the County to make up for that lost revenue with contribution of General Fund Revenues. That would serve to benefit particular land owners.

3. **Appeal Point:** *The Willow Road extension only benefits Blacklake and Trilogy developments so they should pay all costs*

Staff Response: The Willow Road extension project has provided significant regional and local circulation benefits, including congestion reduction at the interchange of Tefft Street at US 101. The project was funded with federal and state money, development money via the South County Area 1 Road Impact Fees, and advanced Road Impact Fee payments made by Woodlands development.

Future improvement to be done under the Fee program are schedule for Tefft Street interchange which traffic from this property will impact.

4. **Appeal Point:** *Mine is an affordable housing project two blocks from an RTA bus stop thus will not impact traffic*

Staff Response: The Road Improvement Fee ordinance enumerates the criteria on which a waiver or adjustment of the fee may be based, as noted above. The South County Circulation Study provides the relationship between the construction of multi-family residences in the study area, and the need for road and intersection improvements to serve the traffic that will be generated. Affordable housing projects do not address any of the criteria for waiver or adjustment of the fee.

Public Works applies a 39% trip reduction credit to single-family residences located in multi-family zoning, as was provided to the Appellant's permits. Because of our County's rural nature and infrequent transit service, credit for proximity to public transit is seldom applicable. However, this project site is just over three blocks from the RTA Route 10 bus stop and a recently completed Park and Ride lot, both located at the intersection of Tefft Street at Carrillo Street.

Application of a Transit "Credit"

The ITE "Trip Generation" User's Guide acknowledges that at specific sites, trip generation rates should be adjusted to reflect the presence of public transportation services, ridesharing, or other travel demand management programs. Urban Emission Model, a national model for calculating air quality impacts of projects, utilizes the ITE trip generation factors and allows credit up to 15% for proximity to transit services. This percentage would be in-line with transit frequency at the nearby Tefft Street bus stop. Application of this reduction would be only on residential units within ¼ mile of an existing bus stop.

Based on the above, staff has or will apply the following Road Improvement Fee adjustments to building permits PMT2015-02033 and PMT2015 -02153:

| | |
|--------------------------------------|--------------------------|
| Single-family residence | \$12,011/residence fee |
| 39% multi-family adjustment | 4,684/residence credit |
| 15% proximity to alternative transit | - 1,802/residence credit |
| Total of new Road Improvement Fee | \$ 5,525/residence |

Staff would also proceed to amend the Board adopted policy on fee determination under future program update to include a transit credit if directed by your Board.

South County Road Improvement Fee Area Appeal History

Since 1991, there have been 37 road improvement fee appeals within the South County Road Fee Areas 1 and 2. The following summarizes your Board's actions on each of these appeals:

| Category | No. of Appeals | Board Action | | | RIF Losses |
|--------------|----------------|--------------|----------|-----------|------------------|
| | | Adjusted | Waived | Denied | |
| Residential | 29 | 6 | 1 | 22 | \$84,582 |
| Industrial | 1 | 1 | - | - | 7,162 |
| Commercial | 4 | 3 | 1 | - | 99,998 |
| Church | 3 | 1 | 1 | 1 | 22,591 |
| Total | 37 | 11 | 3 | 23 | \$214,333 |

Failure to collect revenues for specific development impacts creates a demand on the County's General Fund Revenue to then address program shortfall in Capital Project Costs.

Basis for Adjustment or Waiver of the Fee

Section 13.01.050 of the San Luis Obispo County Code states that an adjustment or waiver of the fee may be granted, "based on the absence of any reasonable relationship or nexus between the traffic-

generating impacts of that new development, and either the amount of the fee imposed or the type of road facilities or improvements to be financed by the fee.”

The South County Circulation Study establishes the reasonable relationship, or nexus, required for the imposition of the impact fee within the study area. The most recent update of the Study was a comprehensive update that was adopted by your Board on March 8, 2016, and the fees recommended in that update became effective May 8, 2016. The current fee for South County Area 1 is \$12,011 per residential p.m. peak hour trip.

All new developments or changes in use of existing development within the area will contribute to the need for road and other transportation improvements, the study recommends. The improvement program is designed to provide the necessary capacity, in the network of arterial and collector streets, to meet the County's established level of service criteria. The Road Improvement Fee was adopted by your Board to apportion the cost of the needed improvements to all development, based on the amount of traffic generated.

The adopted study prioritizes the following South County Area 1 transportation improvement projects:

1. Interchange improvements on Tefft Street from Mary Avenue to Oakglen Avenue
2. Tefft Street widening from Oakglen Avenue to the Nipomo Creek Bridge
3. Orchard Avenue widening from Southland Street to Nancy Lane
4. Intersection improvements SR 166 and Hutton
5. Intersection improvements SR 166 and Thompson
6. Complete Southland Interchange

Vehicle trips generated by the proposed development are expected to traverse many, if not all of these priority project sites.

OTHER AGENCY INVOLVEMENT/IMPACT

The Building Permit is being processed by the Department of Planning and Building.

FINANCIAL CONSIDERATIONS

The South County Circulation Study establishes a capital improvement program that identifies transportation projects necessary to support new development. Supporting this appeal would result in loss of revenues that would impact future South County Area 1 projects as identified herein. Supporting this appeal may also set a precedent that could result in substantial loss of Road Improvement Fee revenue in the future.

A fee of \$529 was paid by the applicant to process this appeal request. This fee is applied to offset time spent by staff to prepare this report and present this appeal to the Board of Supervisors at public hearing.

RESULTS

The results of considering this appeal will include your determination on how impact fees are allocated to new development, which will promote a well-governed community.

ATTACHMENTS

1. Vicinity Map
2. South County Road Improvement Fee Area
3. Appellant's Letter

File: CF 830.29.01 Road Improvement fees

c: Michael Peachey, 330 South Halcyon Rd., Arroyo Grande, CA 93420

Reference: 16JUN21-H-1

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